

C

25X1

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI-2553-82
29 March 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Chairman, National Intelligence Council

SUBJECT: Security Assistance: US, Soviet, and European

#1
1. Facts. Attachment A lists foreign military assistance agreements and deliveries for 1976 through mid-1981, plus US data through fiscal 1980. The dominant patterns are:

- The surge in Soviet sales in 1980 moved the USSR into a position close to that of the US as an arms supplier (\$15.9 billion in sales for the USSR worldwide, versus \$17.3 billion for the US). If only major weapons systems are considered, the Soviets have already taken the lead, since such equipment accounts for probably 60-70 percent of Soviet sales, but only about one-third of US sales. The Soviets also had a clear lead in 1980 in sales to LDCs (nearly \$14 billion, versus \$10.7 billion for the US).

25X1

- Several newly industrialized countries (notably Brazil, Taiwan, and South Korea), as well as Israel, have also carved out significant niches in the global arms market.
- Preliminary data for 1981 indicate that sales slumped from their record 1980 levels, mainly because of the decisions of major buyers to stay out of the market while absorbing large delivery backlogs. The distribution of sales among the major suppliers, however, has not changed appreciably.

25X1

SECRET

25X1

SECRET

25X1

2

#2

2. Most of the sales of major suppliers^{#2} tend to be concentrated among a few recipients. The tables at Attachment A break down by recipient the military sales of the five leading foreign suppliers, as well as the US foreign military sales program. The bulk of Soviet sales outside the Communist bloc have been to Libya, India, Ethiopia, Algeria, and until recently, Iraq. US Foreign Military Sales credits have been concentrated in the Middle East (Egypt and Israel) and the Aegean area (Greece and Turkey). France and Italy have made their largest sales in the Middle East, particularly Saudi Arabia and Iraq.

3. Comment. The principal areas where increased US security assistance might be particularly important, in enhancing either regional stability or US influence, are:

-- Europe:

- The southern tier countries -- Portugal, Spain, Greece, and Turkey -- will be looking for increased US security assistance in return for their continuing grants of base access and overflight privileges.
- Turkey, in particular, will require large amounts of assistance to finance modernization of its armed forces while improving internal stability.

-- Latin America:

- Continuing assistance to El Salvador will be a critical ingredient in the government's attempt to build upon its successful holding of national elections.
- Arms sales decisions will have a major influence on US relations with the many military-dominated governments in Latin America. In particular, US security assistance could be important in reducing Peru's dependence on the USSR for arms.

-- Middle East:

- Egypt will be counting on levels of US security assistance that are sufficient to defend against Libya, demonstrate the usefulness of the US connection, and maintain its commitment to the peace process.
- Instability in the Persian Gulf area, stemming largely from uncertainties about Iranian behavior, sustains the demand for assistance among the Arab Gulf states. Saudi Arabia will continue to expect access to sophisticated US equipment.

SECRET

SECRET

3

- Because the Soviets are likely to stay in Afghanistan for the near term, military assistance will be important in bolstering Pakistan's ability to withstand Soviet pressure.

-- Africa:

- In the Horn, US assistance programs in Kenya, Sudan, Djibouti, and Somalia provide access privileges for US forces and a modest defense against pressures from Ethiopia and other Soviet clients.
- The moderate states farther west on the continent that are threatened by Libya -- including Chad, Tunisia, Morocco, and Cameroon -- constitute another area where US military aid will be important in bolstering stability and the confidence of incumbent governments.
- In southern Africa, whether Zambia, Botswana, and even Angola rely heavily on Soviet help will depend in large part on the extent to which these governments can obtain Western aid, including arms.

-- East Asia:

- South Korea will press for high levels of security assistance to finance the modernization of its forces in the face of superior North Korean forces.
- Thailand faces direct pressure from Vietnamese forces in Kampuchea, and will rely on increased US aid to strengthen its defenses.
- Military assistance will be a significant factor in the Philippines' decisions concerning continued US base rights.

Attachments:
Tables

SECRET